



HOUSE BUDGET COMMITTEE

Democratic Caucus

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July 25, 2002

There's No Free Lunch: Republican Budget Cuts Domestic Appropriations

Despite what Republicans would have us believe, there is no free lunch. According to the Republican budget, we can afford to provide the largest military buildup since the early 1980s, double homeland security, add \$541 billion to last year's \$1.5 trillion tax cut, and provide Medicare prescription drug coverage. What the Republican budget does not mention is the ultimate cost – either the cost of the depleted Social Security surplus, or the cost of the important domestic programs that we will not be able to fund.

The Republican budget is based on three unrealistic assumptions: (1) that we will cut domestic appropriations for 2003 by 0.4 percent below this year's level and by 6.0 percent below what is needed to keep pace with inflation; (2) that Congress will cut domestic appropriations each year for the next ten years by at least \$20 billion below inflation; and (3) that Congress will not fund items that the Administration has requested but did not include in its budget.

- ***Republicans Cut 2003 Domestic Appropriations by 0.4 Percent*** — The Administration's Mid-Session Review (MSR) of the budget portrays appropriations outside of Defense and Homeland Security as growing by 2 percent from 2002 to 2003. However, once you subtract international affairs appropriations and add the transportation funding provided by the Appropriations Committee, the Administration is cutting domestic appropriations by 0.4 percent from 2002 to 2003. This is a 6.0 percent cut below the amount that the Congressional Budget Office estimates is needed to maintain purchasing power at the 2002 level. That is unlikely, especially given the Administration's support for increases in certain areas.
- ***Republican Budget Cuts Domestic Appropriations Every Year for 10 Years*** — The budget continues its cuts to domestic appropriations each year for the next ten years. From 2003 through 2012, the President's budget cuts domestic discretionary programs by a cumulative \$269.3 billion below the amount needed to maintain purchasing power at the 2002 level. The budget makes these unrealistic cuts in order to keep the projected deficit from seeming even larger.

- ***Omitted Costs*** — The MSR does not include the cost of numerous items that Congress must address and that the President has said he supports, such as his Millennium Challenge Account foreign aid proposal (\$30 billion over ten years), and an increase in 2003 for the Securities and Exchange Commission (\$100 million above his budget request). The President's increased request, however, is still more than \$150 million below the amount that the Senate Appropriations Committee recently approved.

The Republicans predicate their forecast for a return to unified budget surpluses — still using the Social Security Trust Fund surplus, just not spending all of it each year — based on these three faulty assumptions about domestic appropriations. If Republicans were to use more reasonable funding estimates, they would more accurately predict the true size of future deficits. However, this would require them to acknowledge fiscal reality: we cannot have it all now and later, too. For more information about the Republican budget, please visit our website at www.house.gov/budget_democrats/.